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A Corporation of Certified Public Accountants
and Management Consultants

THE FRENCH MARKET CORPORATION, INC.
AN ENTERPRISE FUND OF THE CITY OF NEW ORLEANS

FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-15-01

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A Corporation of Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
The French Market Corporation, Inc.

We have audited the accompanying balance sheet of the French Market Corporation, Inc. (the Market), an enterprise fund of the City of New Orleans, as of December 31, 2000 and 1999, and the related statement of revenue, expenses and changes in retained earnings and its cash flows for the years then ended. These financial statements are the responsibility of the Market's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in NOTE 1, the financial statements present only the activities of the French Market Corporation and are not intended to present fairly the financial position, results of operations and cash flows of the City of New Orleans in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the French Market Corporation, Inc. as of December 31, 2000 and 1999, and the results of its operations and changes in its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 15 through 23 is presented for purposes of additional analyses and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New Orleans, Louisiana
June 5, 2001

FRENCH MARKET CORPORATION, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2000 AND 1999

ASSETS	2000	1999
CURRENT ASSETS:		
CASH	\$ 604,775	\$ 477,813
INVESTMENTS	225,535	213,727
RECEIVABLES:		
TRADE (net)	141,348	117,902
OTHER	107,626	108,421
TENANT ADVERTISING	16,806	17,098
PREPAID EXPENSES	75,359	47,405
TOTAL CURRENT ASSETS	1,171,449	982,366
RESTRICTED BOND FUND INVESTMENTS		
DEBT SERVICE	105,269	62,364
OPERATION AND MAINTENANCE	1,725,048	1,404,757
DEBT SERVICE RESERVE	175,821	175,655
MAINTENANCE RESERVE	50,000	50,187
COST OF ISSUANCE ACCOUNT	0	9,486
CONSTRUCTION	441,850	1,393,615
CAPITAL IMPROVEMENTS	1,869,178	1,618,114
TOTAL RESTRICTED ASSETS	4,367,166	4,714,178
PROPERTY, PLANT, AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	7,913,930	7,357,563
OTHER ASSETS:		
UTILITY DEPOSITS	9,972	9,972
OTHER	47,368	85,741
TOTAL OTHER ASSETS	57,340	95,713
TOTAL	\$ 13,509,885	\$ 13,149,820

The accompanying notes are an integral part of these financial statements.

FRENCH MARKET CORPORATION, INC.
BALANCE SHEET (CONTINUED)
AS OF DECEMBER 31, 2000 AND 1999

LIABILITIES AND FUND EQUITY	2000	1999
LIABILITIES		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$ 151,318	\$ 157,389
ACCRUED EXPENSES	463,142	423,227
OTHER LIABILITIES	8,244	8,043
RENTAL DEPOSITS	90,835	82,296
DUE TO CITY AGENCIES-NET	100,000	100,000
DEFERRED REVENUES	4,682	11,566
ACCRUED INTEREST PAYABLE	10,182	10,719
CURRENT PORTION OF REVENUE BONDS PAYABLE	<u>87,500</u>	<u>87,500</u>
TOTAL CURRENT LIABILITIES	<u>915,903</u>	<u>880,740</u>
 LONG-TERM DEBT:		
REVENUE BONDS PAYABLE	<u>1,575,000</u>	<u>1,662,500</u>
TOTAL LIABILITIES	<u>2,490,903</u>	<u>2,543,240</u>
 FUND EQUITY:		
CONTRIBUTED CAPITAL	<u>2,894,261</u>	<u>2,894,261</u>
RETAINED EARNINGS:		
RESERVE PER BOND INDENTURE	<u>4,367,166</u>	<u>4,714,178</u>
RESERVE FOR CAPITAL IMPROVEMENTS	<u>1,821,412</u>	<u>1,821,412</u>
TOTAL RESERVES	<u>6,188,578</u>	<u>6,535,590</u>
UNRESERVED	<u>1,936,143</u>	<u>1,176,729</u>
TOTAL FUND EQUITY	<u>11,018,982</u>	<u>10,606,580</u>
TOTAL	\$ <u>13,509,885</u>	\$ <u>13,149,820</u>

The accompanying notes are an integral part of these financial statements.

FRENCH MARKET CORPORATION, INC.
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
OPERATING REVENUES:		
RENTAL INCOME	\$ 5,848,732	\$ 5,546,550
OTHER INCOME	<u>838,588</u>	<u>688,528</u>
TOTAL OPERATING REVENUES	<u>6,687,320</u>	<u>6,235,078</u>
OPERATING EXPENSES:		
GENERAL AND ADMINISTRATIVE	1,001,118	782,350
SHOPPING CENTER	1,430,009	1,393,970
FARMERS'/FLEA MARKET	611,535	486,792
PARKING LOTS	801,331	781,961
TENANT ADVERTISING	795,450	719,227
VISITOR'S CENTER	112,354	80,302
WASHINGTON ARTILLERY PARK	75,240	147,614
DEPRECIATION	630,585	579,780
BAD DEBT EXPENSE	<u>0</u>	<u>7,998</u>
TOTAL OPERATING EXPENSES	5,457,622	4,979,994
OPERATING INCOME	1,229,698	1,255,084
NONOPERATING REVENUE/(EXPENSES)		
INTEREST INCOME	307,577	217,973
BOND INTEREST	<u>(124,873)</u>	<u>(97,593)</u>
TOTAL NONOPERATING EXPENSES	<u>182,704</u>	<u>120,380</u>
NET INCOME	1,412,402	1,375,464
(INCREASE)DECREASE IN RESERVED		
RETAINED EARNINGS PER BOND INDENTURE	347,012	(1,559,199)
RESERVE FOR CAPITAL IMPROVEMENTS	<u>0</u>	<u>0</u>
NET CHANGE IN UNRESERVED RETAINED EARNINGS	1,759,414	(183,735)
RETAINED EARNINGS - UNRESERVED, BEGINNING OF YEAR	1,176,729	2,260,464
DISTRIBUTIONS	<u>(1,000,000)</u>	<u>(900,000)</u>
RETAINED EARNINGS - UNRESERVED, END OF YEAR	<u>\$ 1,936,143</u>	<u>\$ 1,176,729</u>

The accompanying notes are an integral part of these financial statements.

FRENCH MARKET CORPORATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$ 1,229,698	\$ 1,255,084
RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES:		
DEPRECIATION	630,585	579,780
BAD DEBT EXPENSE	0	7,998
CHANGES IN ASSETS AND LIABILITIES:		
NET RECEIVABLES	(22,359)	7,563
PREPAID EXPENSES	(27,954)	(13,288)
OTHER ASSETS	38,373	(85,630)
ACCOUNTS PAYABLE	(6,071)	87,100
ACCRUED EXPENSES	39,915	190,247
OTHER LIABILITIES	201	(1,704)
RENTAL DEPOSITS	8,539	11,993
DEFERRED REVENUES	(6,884)	494
ACCRUED INTEREST PAYABLE	(537)	8,792
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>1,883,506</u>	<u>2,048,429</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
PAYMENTS FOR CAPITAL ACQUISITIONS	(1,186,952)	(905,932)
INTEREST ON INVESTMENTS	307,577	217,973
INVESTMENTS AND DISTRIBUTION PAYMENTS	(6,377,509)	(15,811,845)
SALE OF INVESTMENTS	<u>5,712,713</u>	<u>15,153,543</u>
Net Cash (Used) Provided in Investing Activities	<u>(1,544,171)</u>	<u>(1,346,261)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
BOND PRINCIPAL REPAYMENTS	(87,500)	(385,000)
INTEREST PAID	<u>(124,873)</u>	<u>(97,593)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(212,373)</u>	<u>(482,593)</u>
Net (Decrease) Increase in Cash	126,962	219,575
Cash, Beginning of Year	<u>477,813</u>	<u>258,238</u>
Cash, End of Year	\$ <u><u>604,775</u></u>	\$ <u><u>477,813</u></u>

The accompanying notes are an integral part of these financial statements.

**FRENCH MARKET CORPORATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – The French Market Corporation, Inc. (the Market) was formed January 1, 1972, by the City of New Orleans to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The Market is a non-profit corporation that is owned by the City of New Orleans and administered by a Board of Directors consisting of twelve members appointed by the Mayor of New Orleans.

Basis of Accounting – The Market falls under the enterprise fund accounting method as described by Governmental Accounting, Auditing and Financial Reporting (GAAFR) principles which utilizes the accrual basis of accounting for financial purposes.

The financial statements of the Market are not intended to and do not present either the financial position, or results of operations of the City of New Orleans.

Restricted Investments – Pursuant to the official bond indenture, certain special accounts were established to segregate the receipt, investment and disbursement of funds legally restricted for the specific purpose of each special account.

- Bond Revenue Fund

All funds collected by the Market are deposited in the Revenue Fund. The funds on deposit in the Revenue Fund are transferred to the other special accounts as required by the bond indenture.

- Debt Service Account

The Debt Service Fund shall be used by the Trustee to receive accrued interest, if any, pay interest on the Bonds as it becomes due payable, and pay principal of, and premium, if any, on the Bonds as it becomes due and payable whether at maturity or upon redemption.

There shall be deposited in the Debt Service Fund an amount equal to 1/6th of the amount required to pay interest which will become due on the Bonds then outstanding on the next ensuing Interest Payment Date and an

amount equal to $1/12^{\text{th}}$ of the principal falling due on the next ensuing principal payment date, together with such additional proportionate sums as may be required and interest as the same respectively becomes due.

- Operation and Maintenance Account

Upon or prior to the delivery of the Bonds, the Corporation shall initially deposit into the Operations and Maintenance Fund an amount equal to $1/4^{\text{th}}$ of the previous Fiscal Year's Revenues. Thereafter, there shall be deposited in the Operations and Maintenance Fund an amount which, together with any amount remaining therein, will be at least equal to one-fourth ($1/4$) of the budgeted Revenues as set forth in the Annual Budgets for then current Fiscal Year (O&M Fund Requirement) plus any moneys remaining in the Revenue Fund after O&M Fund Requirement and the payments to the Debt Service Reserve Fund and the Maintenance Reserve Fund have been made in full. Moneys held in the Operations and Maintenance Fund shall be used to pay the Operating Expenses, including but not limited to any payments required to be made to the City under the Lease and such additional moneys as the Corporation may deem appropriate to pay to the City from time to time. The Trustee, from time to time, shall pay to the Corporation from the Operations and Maintenance Fund upon receipt of the Corporation's requisitions the amounts stated in such requisitions. The amounts thus withdrawn shall be deposited by the Corporation in a special operations account established with a bank and shall be used as a revolving fund for the payment by the Corporation of items of Operating Expenses by checks or drafts signed or countersigned by an Authorized Officer.

- Debt Service Reserve Account

Upon or prior to the delivery of the Bonds, there shall be deposited into the Debt Service Reserve Fund from moneys available to the Corporation, an amount equal to the Debt Service Reserve Fund Requirement, and thereafter, there shall be deposited the amount needed so as to maintain the Debt Service Fund Requirement therein. In the event that moneys in the Debt Service Reserve Fund are less than the Debt Service Reserve Fund Requirement, there shall be retained in the Debt Service Reserve Fund interest and other income received on investments of Debt Service Reserve Fund. In the event moneys in the Debt Service Reserve Fund are greater than the Debt Service Reserve Fund Requirement, the interest and other income received on investments of Debt Service Reserve Fund shall be transferred to the Capital Improvements Fund biannually on each June 15 and December 15 in which is such an excess. Investments in the Debt

Service Reserve Fund shall be limited to Permitted Investments.

Moneys in the Debt Service Reserve Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds in the event moneys in the Debt Service Fund are insufficient to make such payments when due, whether on an interest payment date, mandatory purchase date, redemption date, mandatory sinking fund redemption date, maturity date or otherwise. The Trustee shall, on the payment date for principal of or interest on the Bonds, determine if sufficient funds are available in the Debt Service Fund to make such payments when due and, if sufficient funds are not available in such funds shall make the required transfers, if any, to the Debt Service Fund to cure such deficiency.

- Maintenance Reserve Account

Moneys held for the credit of the Maintenance Reserve Fund shall be held as a reserve for the purpose of paying the cost of emergency or major repairs, renewals and replacements with respect to the Project, the French Market Properties and the Capital Improvements necessary for the safe or efficient operation of the Corporation or to prevent loss of Revenues; for making payments and if at any time, the amount in the Debt Service Fund and the Debt Service Reserve Fund are insufficient for the purpose of paying the interest on the Bonds as the same becomes due, the Trustee shall transfer from the Maintenance Reserve Fund to the Debt Service Fund an amount sufficient to make up such deficiency.

In the event that the moneys in the Maintenance Reserve Fund are in excess of the Maintenance Reserve Fund Requirement, such excess shall be transferred to the Capital Improvement Fund biannually on each June 15 and December 15 in which there is such an excess.

- Bond Redemption Account

The Bond Redemption fund shall be used to receive any amounts, which may be deposited, by and at the election of the Corporation from time to time for the optional redemption of the Bonds.

- Capital Improvement Account

There shall be deposited into the Capital Improvement Fund all remaining amounts contained in the Construction Fund after the costs of construction of the Project have been paid in full as excess amounts in the Debt Service Reserve Fund, the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund, any amounts, legally available to the

Corporation for the purpose of acquiring and construction the Capital Improvements pursuant to the Corporation's annual Capital Budget, which the Corporation may deposit therein from time to time. The amounts contained in the Capital Improvement Fund shall be used by the Trustee to pay the costs of the Capital Improvements pursuant to the Corporation's annual Capital Budget in effect at the time and at the sole discretion and election of the Company, amounts into the Bond Redemption Fund, for the optional redemption of Bonds. The funds in the Capital Improvement Fund are hereby pledged, pending such application for the security of the principal of an interest on the Bonds, and shall at all times be subject to the lien of such pledge until paid out or transferred as provided herein. The Moneys held in the Capital Improvement Fund shall, as nearly as may be practicable, be invested in Permitted Investments.

Investments – All investments, restricted and unrestricted, are stated at cost, which approximates market.

Tenant Advertising – The lease agreement with most tenants provides that a sum equal to 1% of gross sales shall be paid by the tenants to the Market for the purpose of providing advertising, publicity and general business promotion of the Market. The Market must place all funds obtained from tenants for advertising in a trust to be used solely for the purpose previously stated.

Property, Plant and Equipment – Property, plant and equipment are recorded at cost. Maintenance and repairs are charged to operations as incurred, whereas significant renewals and betterments are capitalized. Deductions are made from property, plant and equipment for retirements.

Property, plant and equipment is depreciated on a straight-line basis over the following estimated useful lives of the assets:

Building and Improvements	10 – 50 years
Furniture, Fixtures, and Equipment	5 – 10 years
Vehicles	5 years

Accounts Receivable – It is the practice of management to provide an allowance for any account which in management's opinion may not be collectible based upon a review of the current status of existing receivables.

Vacation and Sick Leave – All full-time classified employees of the Market hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 can accrue a maximum of 45

days of annual leave and an unlimited number of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued sick leave to additional years of service.

Income Taxes – The Market is owned by the City of New Orleans, and as such, no federal or state income taxes are assessed.

Reclassifications – Certain amounts have been reclassified for comparative purposes. Such reclassifications had no effect on net income for the respective years.

2. CASH

As of December 31, 2000, the Market had the following cash accounts and related FDIC insurance or other types of collateral to secure the Market's accounts.

INSTITUTION AND ACCOUNT		BOOK BALANCE		BANK BALANCE		AMOUNT OF DEPOSITORY INSURANCE OR COLLATERAL
<u>BANK ONE</u>						
69040-05-874	\$	498,943	\$	437,757	\$	437,757
69040-04-840		105,132		451,241		451,241
CASH ON HAND		<u>700</u>		<u>-</u>		<u>-</u>
TOTAL	\$	604,775	\$	888,998	\$	888,998

3. INVESTMENTS

The investments of the Market at December 31, 2000 consist of the following:

General Fund Investments	\$	225,535
Restricted Bond Fund Investments		<u>4,367,166</u>
TOTAL	\$	<u>4,592,701</u>

State statutes authorize the City of New Orleans and all subdivisions, except for the Pension Trust Fund, to invest in U.S. bonds, treasury notes, and other federally-insured investments. The City of New Orleans also may invest in repurchase agreements secured by U.S. Government obligations.

The Market's investments are categorized below to give an indication of the level of risk assumed by the Market at year end. Category 1 includes investments that are insured or registered for which the securities are held by the Market or its agent in the Market's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the Market's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or by its trust department, or agent, but not in the Market's name.

	<u>CATEGORY</u>			<u>CARRYING</u> <u>VALUE</u>	<u>MARKET</u> <u>VALUE</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Short-term Government Securities	\$ 4,593,597	\$ 0	\$ 0	\$ 4,593,597	\$ 4,593,597

4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following:

	<u>2000</u>	<u>1999</u>
Building and Improvements	\$ 11,064,539	\$ 10,778,380
Market and Stall Equipment	428,816	392,566
Parking Lot	1,251,767	647,185
Office Equipment	207,116	192,084
Furniture and Fixtures	63,121	51,996
Vehicles	200,564	138,122
Visitors Center Equipment	25,844	25,844
Ursuline Floodwall Gate	472,398	472,398
Construction in Progress	157,069	65,502
Land	<u>99,917</u>	<u>99,917</u>
Sub-total	13,971,151	12,863,994
Accumulated Depreciation	<u>(6,057,221)</u>	<u>(5,506,431)</u>
Net Property, Plant, and Equipment	\$ <u>7,913,930</u>	\$ <u>7,357,563</u>

Depreciation charge to expense was \$ 630,585 and \$ 579,780 for 2000 and 1999 respectively.

5. REVENUE BONDS PAYABLE

Revenue Bond Payable consists of the following at December 31,:

	2000	
	<u>Current</u>	<u>Long-Term</u>
7.35% taxable revenue bonds dated April 30, 1999, due in annual principal installments of \$87,500 beginning June 1, 2000 and ending June 1, 2004 with a balloon payment of \$1,400,000	\$ 87,500	\$1,575,000

The principal payments due on the Revenue Bonds are as follows:

<u>YEARS ENDING DECEMBER 31,</u>	<u>PRINCIPAL AMOUNT OF BONDS TO BE LIQUIDATED</u>
2001	\$ 87,500
2002	87,500
2003	87,500
2004	<u>1,400,000</u>
TOTAL	<u>\$1,662,500</u>

The indenture, under which the revenue bonds were issued, provides for the establishment of certain restricted accounts (See NOTE 1).

The interest expense necessary to meet the above bond obligation is \$ 124,873 for the year ending December 31, 2000.

The bond indenture agreement requires that funds be deposited into the Debt Service Account monthly to cover bond principal and interest payments as they become due.

6. MINIMUM FUTURE RENTALS

The Market has entered into rental agreements which require the tenant to pay the market minimum monthly rental payments plus contingent rentals. These operating leases expire in various years through the year 2006.

Minimum future rentals to be received under the various operating leases as of December 31, 2000 for each of the next five (5) years and the sum of all leases expiring subsequent to 2006 in the aggregate are:

<u>YEARS ENDING</u> <u>DECEMBER 31,</u>	<u>AMOUNT</u>
2001	\$1,273,958
2002	1,242,036
2003	1,098,813
2004	751,355
2005	<u>198,727</u>
TOTAL	<u>\$4,564,889</u>

Minimum future rentals do not include the service of any options that may be available to the various tenants.

Minimum future rentals also do not include any contingent rentals that may be received under the lease agreements or other rentals. Contingent rentals received in 2000 and 1999 were \$ 1,334,276 and \$ 705,992; respectively.

7. TRADE RECEIVABLES (NET)

Trade receivables are presented net of allowance for doubtful accounts, which total \$ 141,348 for 2000. The Market's tenants are assessed penalties for various instances of noncompliance with their respective lease terms, including late payments. The allowance for doubtful accounts is substantially comprised of these penalty balances. Due to the age of these balances, collection of the full amounts owed are doubtful.

8. DISTRIBUTIONS

The French Market Corporation distributed \$ 1,000,000 to the City of New Orleans. This amount represents a distribution of unreserved retained earnings of the French Market Corporation.

9. CAPITAL IMPROVEMENT PLAN

The French Market Corporation has a five-year capital improvement plan that includes various projects in several departments/units of the Corporation. Projects include, but are not limited to, purchasing additional security equipment, painting, plumbing, and certain major building repairs.

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF RENTAL INCOME
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

<u>DESCRIPTION</u>	<u>2000</u>			<u>1999</u>		
	<u>MINIMUM</u>	<u>PERCENTAGE</u>	<u>TOTAL</u>	<u>MINIMUM</u>	<u>PERCENTAGE</u>	<u>TOTAL</u>
BUILDING " A "						
CAFÉ DU MONDE	\$ 150,057	\$ 195,248	\$ 345,305	\$ 45,252	\$ 231,420	\$ 276,672
AUNT SALLY'S	67,169	205,890	273,059	60,512	180,970	241,482
COOKERY	26,475	187	26,662	26,475	1,038	27,513
MERRY CHRISTMAS	38,640	4,615	43,255	38,640	1,466	40,106
THE GIFT SHOP	30,300	5,098	35,398	30,000	10,783	40,783
EVANS	53,336	814	54,150	48,488	123	48,611
THE QUILT SHOP	26,775	725	27,500	25,500	28	25,528
CADEAUX EXPRESS	26,400	0	26,400	26,400	137	26,537
TOTAL BUILDING " A "	419,152	412,577	831,729	301,267	425,965	727,232
BUILDING " B "						
LITTLE TOY SHOP	26,167	18,962	45,129	23,787	22,883	46,670
ART TO WEAR	17,550	0	17,550	17,550	0	17,550
COTTON CABANNA CLUB	12,060	27,043	39,103	18,090	24,439	42,529
BIJOUTERIE	18,900	0	18,900	18,900	0	18,900
OLDE MARKET YOGURT	3,078	0	3,078	12,312	0	12,312
LIBERTY BANK	8,384	4,376	12,760	8,384	4,203	12,587
IT'S OUR SECRET	11,136	1,322	12,458	10,243	777	11,020
HEAD TO TOE	14,700	8,755	23,455	14,700	6,487	21,187
JAZZ & THINGS	17,206	522	17,728	17,050	403	17,453
TOTAL BUILDING " B "	\$ 129,181	\$ 60,980	\$ 190,161	\$ 141,016	\$ 59,192	\$ 200,208

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF RENTAL INCOME (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

<u>DESCRIPTION</u>	2000			1999		
	<u>MINIMUM</u>	<u>PERCENTAGE</u>	<u>TOTAL</u>	<u>MINIMUM</u>	<u>PERCENTAGE</u>	<u>TOTAL</u>
BUILDING " C "						
BELLA LUNA	\$ 61,992	\$ 213,818	\$ 275,810	\$ 61,992	\$ 180,750	\$ 242,742
NATIONAL PARK SERVICE	61,362	0	61,362	48,575	0	48,575
TOTAL BUILDING " C "	123,354	213,818	337,172	110,567	180,750	291,317
BUILDING " D "						
GAZEBO	64,265	1,920	66,185	64,720	1,064	65,784
CRAFT'S BAZAAR	25,319	26,846	52,165	25,319	22,012	47,331
MARKET CAFÉ	81,477	12,419	93,896	81,477	12,406	93,883
N.O. FOREIGN	21,303	0	21,303	15,977	0	15,977
TOTAL BUILDING " D "	192,364	41,185	233,549	187,493	35,482	222,975
BUILDING " E "						
CAFÉ GUMBOLAYA	81,548	15,731	97,279	81,548	4,603	86,151
ESKEW VOGT	0	0	0	0	0	0
TOTAL BUILDING " E "	\$ 81,548	\$ 15,731	\$ 97,279	\$ 81,548	\$ 4,603	\$ 86,151

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF RENTAL INCOME (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

<u>DESCRIPTION</u>	<u>2000</u>			<u>1999</u>		
	<u>MINIMUM</u>	<u>PERCENTAGE</u>	<u>TOTAL</u>	<u>MINIMUM</u>	<u>PERCENTAGE</u>	<u>TOTAL</u>
OTHER RENTALS:						
PARKING LOTS	\$ 1,959,058	\$ 0	\$ 1,959,058	\$ 1,874,713	\$ 0	\$ 1,874,713
FARMERS' MARKET	262,893	0	262,893	244,826	0	244,826
FLEA MARKET	<u>1,936,891</u>	<u>0</u>	<u>1,936,891</u>	<u>1,899,128</u>	<u>0</u>	<u>1,899,128</u>
TOTAL OTHER RENTALS	<u>4,158,842</u>	<u>0</u>	<u>4,158,842</u>	<u>4,018,667</u>	<u>0</u>	<u>4,018,667</u>
TOTAL RENTAL INCOME	<u>\$ 5,104,441</u>	<u>\$ 744,291</u>	<u>\$ 5,848,732</u>	<u>\$ 4,840,558</u>	<u>\$ 705,992</u>	<u>\$ 5,546,550</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF OTHER INCOME
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

<u>DESCRIPTION</u>		<u>2000</u>		<u>1999</u>
COMMON AREA ASSESSMENTS	\$	466,385	\$	379,722
TENANT ADVERTISING CHARGES		214,439		186,608
KIOSK		36,000		36,000
VISITORS CENTER SALES		3,078		0
GAIN - ASSET DISPOSITION		11,500		0
MISCELLANEOUS		<u>107,186</u>		<u>86,198</u>
TOTAL OTHER INCOME	\$	<u>838,588</u>	\$	<u>688,528</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

DESCRIPTION	2000	1999
GENERAL AND ADMINISTRATIVE:		
PERSONAL SERVICES	\$ 578,533	\$ 357,801
CONTRACTUAL SERVICES	372,098	379,475
SUPPLIES AND MATERIALS	<u>50,487</u>	<u>45,074</u>
TOTAL GENERAL AND ADMINISTRATIVE	<u>1,001,118</u>	<u>782,350</u>
SHOPPING CENTER:		
PERSONAL SERVICES	670,956	612,572
CONTRACTUAL SERVICES	691,249	703,617
SUPPLIES AND MATERIALS	<u>67,804</u>	<u>77,781</u>
TOTAL SHOPPING CENTER	<u>1,430,009</u>	<u>1,393,970</u>
FARMERS/FLEA MARKET:		
PERSONAL SERVICES	422,596	369,393
CONTRACTUAL SERVICES	174,288	101,322
SUPPLIES AND MATERIALS	<u>14,651</u>	<u>16,077</u>
TOTAL FARMERS/FLEA MARKET	<u>611,535</u>	<u>486,792</u>
MOONWALK / ELYSIAN FIELDS PARKING LOTS:		
CONTRACTUAL SERVICES	801,331	781,961
TOTAL PARKING LOTS	<u>801,331</u>	<u>781,961</u>
TENANT ADVERTISING:		
PERSONAL SERVICES	48	0
CONTRACTUAL SERVICES	795,402	719,227
TOTAL TENANT ADVERTISING	<u>795,450</u>	<u>719,227</u>
VISITORS CENTER:		
PERSONAL SERVICES	105,988	74,506
CONTRACTUAL SERVICES	6,101	5,455
SUPPLIES AND MATERIALS	<u>265</u>	<u>341</u>
TOTAL VISITORS CENTER	<u>112,354</u>	<u>80,302</u>
WASHINGTON ARTILLERY PARK:		
PERSONAL SERVICES	27,907	60,362
CONTRACTUAL SERVICES	43,083	82,215
SUPPLIES AND MATERIALS	<u>4,250</u>	<u>5,037</u>
TOTAL WASHINGTON ARTILLERY	<u>75,240</u>	<u>147,614</u>
DEPRECIATION	<u>630,585</u>	<u>579,780</u>
BAD DEBT EXPENSE	<u>0</u>	<u>7,998</u>
TOTAL OPERATING EXPENSES	\$ <u>5,457,622</u>	\$ <u>4,979,994</u>

SEE ACCOMPANYING INDEPENDENT AUDITORS REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF ACCOUNTS RECEIVABLE - TRADE
AS OF DECEMBER 31, 2000 AND 1999

TENANT	RENTALS	COMMON AREA	TOTALS	
			2000	1999
ART TO WEAR	\$ 0	744	\$ 744	\$ 1,240
AUNT SALLY'S PRALINES	23,484	5,128	28,612	22,243
CAFÉ DU MONDE	11,857	8,056	19,913	22,758
COOKERY N' ORLEANS STYLE	0	2,232	2,232	1,876
LITTLE TOY SHOP	1,396	2,006	3,402	3,105
BELLA LUNA RESTAURANT	22,284	7,652	29,936	29,487
GAZEBO	5,302	8,400	13,702	(111)
FRAMING MARKET	0	0	0	139
EVAN'S CREOLE CANDY	485	4,532	5,017	3,852
MERRY CHRISTMAS / ALL THAT JAZZ	0	2,184	2,184	2,014
PERAZA & MAYMONE	0	0	0	1,420
ABOU DIOKANE	0	0	0	(396)
HEAD TO TOE	881	789	1,670	763
IT'S OUR SECRET	(5)	706	701	670
OLD CRAFT COTTAGE	0	1,092	1,092	1,806
BIJOUTERIE	0	1,595	1,595	1,335
NATIONAL PARK SERVICE	5,348	0	5,348	4,049
LATIN HANDS	1,463	1,026	2,489	851
COTTON CABANA CLUB	985	1,399	2,384	2,087
ART ATTACK	(746)	1,062	316	0
ROBERT PARKER	0	237	237	217
CAFÉ GUMBOYALA	0	3,330	3,330	5,984
CADEAUX EXPRESS	(202)	2,182	1,980	1,821
AFRICAN ART	(469)	262	(207)	178
LIBERTY BANK	343	655	998	265
JAZZ & THINGS	0	1,448	1,448	1,266
LENNY'S NEWS STAND	848	0	848	1,217
FM GIFT SHOP	0	2,550	2,550	2,821
MEDITERRANEAN	0	4,632	4,632	3,286
THE ULTIMATE SHOP	0	1,443	1,443	0
N.O. FOREIGN	1	2,446	2,447	1,451
ART ATTACKS	50	255	305	208
TOTAL ACCOUNTS RECEIVABLE- TRADE	\$ 73,305	\$ 68,043	\$ 141,348	\$ 117,902

TOTAL A/R DOES NOT INCLUDE DELINQUENT FEE PAYMENTS
RECEIVED FROM TENANTS SUBSEQUENT TO YEAR END.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF ACCOUNTS RECEIVABLE - OTHER
AS OF DECEMBER 31, 2000 AND 1999

<u>DESCRIPTION</u>	<u>2000</u>	<u>1999</u>
TENANTS	\$ 1,231	\$ 1,025
BELLSOUTH	277	189
W.J. MILLER ENT.	37	38
PARKING LOT	71,756	73,033
FARMERS MARKET	(244)	538
RUSSELL GORE	30	130
LA COCA-COLA	390	403
UPPER PONTALBA	<u>34,149</u>	<u>33,065</u>
TOTAL ACCOUNTS RECEIVABLE-OTHER	\$ <u>107,626</u>	\$ <u>108,421</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF ACCOUNTS RECEIVABLE - TENANT ADVERTISING
AS OF DECEMBER 31, 2000 AND 1999

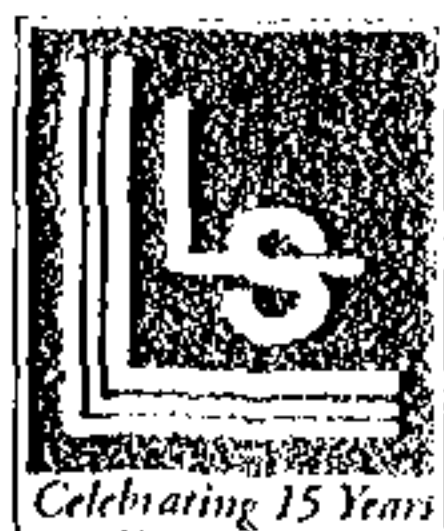
<u>TENANT</u>	<u>2000</u>	<u>1999</u>
AUNT SALLY'S PRALINES	\$ 3,641	\$ 2,874
CAFÉ DU MONDE	2,835	3,931
QUILT SHOP	173	0
CAFÉ GUMBOLAYA	606	634
COOKERY N' ORLEANS STYLE	169	156
MARKET CAFÉ	673	0
LITTLE TOY SHOP	489	426
BELLA LUNA RESTAURANT	4,575	4,593
GAZEBO	1,516	1,126
EVAN'S CREOLE CANDY	437	513
MERRY CHRISTMAS / ALL THAT JAZZ	383	164
ROBERT PARKER	16	31
MEDITERRANEAN CAFÉ	0	732
HEAD TO TOE	166	253
IT'S OUR SECRET	91	124
OLD CRAFT COTTAGE	0	170
ART TO WEAR	(19)	59
BIJOUTERIE	124	115
LATIN HANDS	219	249
COTTON CABANA CLUB	157	187
CADEAUX EXPRESS	338	202
JAZZ AND THINGS	146	144
N.O. FOREIGN	12	(20)
ART ATTACKS	42	42
AFRICAN ART	(31)	(18)
FM GIFT SHOP	349	399
LIBERTY BANK	(356)	12
THE ULTIMATE SHOP	55	0
TOTAL ACCOUNTS RECEIVABLE- TENANT ADVERTISING	\$ <u>16,806</u>	\$ <u>17,098</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
RESTRICTED ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	BOND REVENUE	OPERATION AND MAINTENANCE	DEBT SERVICE	DEBT SERVICE RESERVE	MAINTENANCE RESERVE	CONSTRUCTION FUND	COST OF ISSUANCE	CAPITAL IMPROVE- MENTS	SURPLUS FUND	2000	1999
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 0	\$ 1,403,724	\$ 52,364	\$ 175,655	\$ 50,187	\$ 1,393,515	\$ 9,485	\$ 1,518,114	\$ 1,033	\$ 4,714,178	\$ 3,154,979
CASH RECEIPTS:											
Interfund Transfer	4,583,818	4,883,941	251,403	0	0	441,850	0	953,593	0	11,224,595	13,429,724
Capital Gain	0	0	0	0	0	0	0	0	0	0	0
Interest Received	1,155	105,785	4,847	10,011	2,839	55,164	101	87,445	4	257,412	200,515
TOTAL CASH RECEIPTS	4,584,973	4,989,727	256,250	10,011	2,839	497,014	101	1,051,028	4	11,482,007	13,530,339
TOTAL CASH AND CASH EQUIVALENTS AVAILABLE	4,584,973	5,393,451	318,514	185,666	53,086	1,890,529	9,587	2,569,142	1,037	15,206,185	15,755,318
CASH DISBURSEMENTS:											
Interfund Transfers	4,584,873	0	212,309	8,955	2,829	950,903	895	792,177	1,037	5,654,578	11,554,578
Principal Payments	0	0	0	0	0	0	0	0	0	0	214,519
Interest Payments	0	0	0	0	0	0	0	0	0	0	0
Transfers to Disbursements	0	0	0	0	0	0	0	0	0	0	0
Cash Account	0	4,659,040	0	0	0	0	0	0	0	4,659,040	169,906
Trustee Fees	100	9,363	436	890	257	4,974	7,010	7,787	0	30,817	22,037
Other Disbursements	0	0	0	0	0	492,902	1,692	0	0	494,594	0
TOTAL CASH DISBURSEMENTS	4,584,973	4,668,403	213,345	9,845	3,086	1,448,779	9,587	799,964	1,037	11,839,019	12,071,140
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 0	\$ 1,725,048	\$ 105,269	\$ 175,821	\$ 50,000	\$ 441,850	\$ 0	\$ 1,859,178	\$ 0	\$ 4,367,166	\$ 4,714,178

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To: The Board of Directors of
The French Market Corporation, Inc.

We have audited the financial statements of the French Market Corporation, Inc. as of December 31, 2000 and 1999, and for the years then ended, and have issued our report thereon dated June 5, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

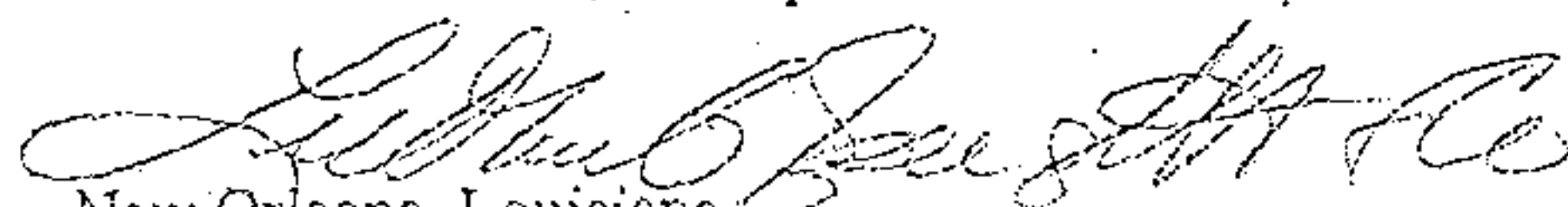
Compliance

As part of obtaining reasonable assurance about whether the French Market Corporations' financial statements are free of material misstatement, we performed tests of the French Market Corporations' compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the French Market Corporations' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain immaterial instances of noncompliance that we have reported to management of the French Market Corporation in a separate letter dated June 7, 2001.

This report is intended for the information of the Board of Directors, management, and the City of New Orleans. However, this report is a matter of public record and its distribution is not limited.


New Orleans, Louisiana
June 5, 2001

**FRENCH MARKET CORPORATION
UPDATE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2000**

There were no findings for this organization in the prior year.



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

June 7, 2001

To the Senior Management and
The Board of Directors of
French Market Corporation

In planning and performing our audit of the financial statements of The French Market Corporation for the year ended December 31, 2000, we considered the Market's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated on June 5, 2001 on the financial statements of the French Market Corporation.

We will review the status of these comments during our next audit engagement. We have discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Parking Lot Financial Activity

Observation:

The French Market's parking lot is managed by a private company. Their duties include collection of parking fees and payment of operating expenses for the parking lot. The management company remits detailed invoices regarding operating expenses and management fees associated with the lot to the French Market Corporation on a monthly basis. During our audit we noted that this financial information was not adequately reviewed and approved by the French Market's staff.

Continued, page 2

Recommendation:

We recommend that the French Market review and approve the monthly financial submissions from the operator. This review should be documented and maintained on file.

Management's Response:

The French Market's staff presently reviews each month's submission from the parking lot operator, however this review was not documented. We will perform an expanded review of all monthly activity reports and document the results. The results will be maintained on file.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Arthur C. Broughton".

New Orleans, Louisiana
June 7, 2001